



TCFD disclosures report for year ending 31 December 2025

EE Pension Scheme (“the Scheme”)

Produced by: EE Pension Trustee Limited

Date: March 2026

Introduction

The acceleration of climate change is now supported by substantial scientific evidence. Global temperatures have already risen by approximately 1.0°C above pre-industrial levels, and further increases threaten irreversible and devastating impacts on our environment and societies. The systemic effects of climate change are increasingly visible through the rising frequency of extreme weather events—floods, droughts, severe storms, and wildfires—resulting in significant financial costs and human suffering. Pension schemes can be impacted by climate change in a number of ways. The purpose of this report is to identify these effects so that any risks can be mitigated and opportunities taken advantage of.

The recommendations of the Task Force on Climate-related Financial Disclosure (“TCFD”) aim to promote better disclosure of climate-related financial risks in order to improve understanding of the risks and opportunities of climate change. Updated UK regulations require trustees to meet climate governance requirements and publish an annual TCFD-aligned report on their pension scheme’s climate-related risks.

The TCFD disclosures report has been prepared by the Trustee for the Scheme year ending 31 December 2025.

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Executive summary

In setting out the approach of the Trustee with regards to identifying and managing climate-related risks and opportunities this report aims to fulfil the Department of Work and Pensions (DWP) TCFD Regulations.

The Trustee supports the recommendations made by the TCFD on the basis that they will allow the Trustee to better assess, monitor and mitigate climate-related risks on behalf of its members. This is the Trustee's fourth disclosure under the framework.

This statement fulfils the requirements of "The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021" (the "Regulations") and the Occupational Pension Schemes (Climate Change Governance and Reporting) (Miscellaneous Provisions and Amendments) Regulations 2021 along with the subsequent statutory guidance released by the Department for Work and Pensions in 2022. It provides a status update on how the Scheme is currently aligning with each of the four elements set out in the regulations (and in line with the recommendations of the TCFD). The four elements covered in the statement are detailed below:

- **Governance:** How the organisation's board and management assess, manage and provide oversight of climate-related risks and opportunities.
- **Strategy:** How these risks impact the organisation's business model.
- **Risk Management:** What risks have been identified and how they have been managed.
- **Metrics and Targets:** How the risks are being monitored, and whether the appropriate metrics and targets have been selected.

The following pages summarise the Trustee's current position with regards to the TCFD recommendations and those set out in the Regulations. The Trustee has been supported by its investment adviser, Brightwell ("Brightwell") (DB Section investment adviser) with the production of its TCFD disclosures report and also the data contained within it.

Climate Mission Statement

The primary concern of the Trustee of the EE Pension Scheme ("the Scheme") is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental factors, including climate change, may negatively impact the value of the investments held if not understood and evaluated properly. The Trustee believes that the risks associated with climate change may have a detrimental impact on the Scheme's investment returns within the Scheme's timeframe. As such, the Trustee integrates assessments of climate change risk into its investment decisions. Climate change, whether managed or unabated, carries direct risks through physical damage, changes in health, disruptions to the world economy, etc. The global response to climate change carries consequential risks through economic restructuring, regulatory changes, fiscal changes, etc.

The Trustee will seek to influence and engage with investment managers with regards to climate related factors, rather than simply divesting from assets that are currently not aligned. This approach has the greatest potential to have a real-world impact. The Trustee recognises that divestment remains an option where engagement is not expected to achieve the desired results.

The Trustee will also liaise with the employer to understand its approach to climate change and take action where necessary.

Where possible, and appropriately aligned with the Trustee's strategic objectives and fiduciary duty, the Trustee will consider investment opportunities linked to climate-related factors.

Governance

The Trustee is responsible for oversight of all strategic matters relating to the Scheme and is ultimately collectively responsible for oversight of the Scheme. This includes approval of the governance and management framework relating to environmental, social and governance (“ESG”) considerations and climate related risks and opportunities.

Given its importance, the Trustee is supported by the Funding and Investment Sub Committee (the “F&ISC”) to manage the Trustee’s response to climate risks and opportunities. The Trustee has delegated the ongoing monitoring of the Scheme’s climate change risk management framework to the F&ISC where they relate to investment matters.

The Trustee also takes advice from external advisers, where appropriate. It ensures that the Scheme’s fiduciary manager and actuarial, covenant and legal advisers have clearly defined responsibilities in respect of climate change, that they have adequate expertise and resources to carry these out, and that they are taking adequate steps to identify, assess and prioritise any climate-related risks and opportunities which are relevant to the matters on which they are advising.

Strategy

Through Brightwell, the Trustee requested its investment managers to carry out a qualitative risk assessment on each asset class the Scheme is invested in. From this, the Trustee identified which climate-related risks, including transition risks (i.e. those arising as part of the move to a low carbon environment) and physical risks, and opportunities could have a material impact on the Scheme. This was undertaken across a range of different time horizons.

Scenario analysis

This analysis has been updated this year consistent with the regulatory guidance to update scenario analysis at least every three years. The Trustee considers scenario analysis when relevant to strategy decisions on an ongoing basis.

The conclusion of this analysis is that the Scheme exhibits reasonable resilience relative to climate-related risks. This was demonstrated under all three climate scenarios and was driven by the high level of diversification in the assets and high levels of exposure to debt instruments.

Risk Management

The Trustee has integrated climate-related risks into its risk management framework and processes and has integrated climate risk oversight within the overall risk management of the Scheme. Climate related risks are assessed alongside the other risks factors, including risks from wider ESG risk factors and financial risks.

The Trustee has outlined a Risk Management Plan, on page 17 and 18 which assists with the ongoing management of climate related risks and opportunities. Alongside this, the Trustee undertakes periodic training on responsible investment to understand how ESG factors, including climate change, may impact the Scheme’s assets and liabilities.

Metrics and Targets

In line with the TCFD regulations, occupational pension schemes are now required to report on at least four metrics to measure and track climate-related performance. The Trustee gathered the carbon metrics data from a range of different sources, including its investment managers, investment

advisers and other data vendors. As required, the Trustee has, as far as it is able, collated the data for the total greenhouse gas emissions and carbon footprint.

As the regulator has identified, carbon accounting and measurement methodologies are still evolving and data is not always available. The Trustee expects over time, that this data will become more meaningful as more data is collected for each reporting year, enabling comparisons to be made. In the meantime, this may show up as a reported 'increase' of greenhouse gas emissions. The Trustee does not view this as a real increase, and notes that the increase is an expected output as the availability and coverage of data expands.

In line with regulatory requirements, this report looks at Scope 1 and Scope 2 emissions in addition to Scope 3 emission measures.

Results

All of the Scheme's investment managers and underlying asset portfolios were contacted for carbon metrics information, and consistent with prior years, the majority of the Scheme's managers were able to provide the requested emissions data. As a result, the emissions metrics reported below can be reasonably compared with last year's disclosures on a like-for-like basis. Total emissions for the portfolio appear higher year-on-year at headline level; however, this largely reflects improved consistency in methodology across asset classes compared with the prior year, particularly within alternative mandates. When applying a consistent approach, emissions across the alternative portfolios are broadly stable, indicating no material deterioration in underlying carbon performance.

It remains the case that there is much room for improvement in the carbon metrics data, to enable the Trustee to obtain a clear overview of the Scheme's total greenhouse gas emissions and carbon footprint. The metrics data can be found later in the report.

We note that significant progress has been made versus the climate-related target since 2019. However, it is important to note that decarbonisation progress will not be linear and progress could fluctuate. The metrics data can be found later in the report.



Governance

Governance

Role of the Trustee

The Trustee is responsible for oversight of all strategic matters relating to the Scheme and is ultimately collectively responsible for oversight of the Scheme. This includes approval of the governance and management framework relating to environmental, social and governance (“ESG”) considerations and climate-related risks and opportunities. Given its importance, the Trustee is supported by the Funding and Investment Sub Committee (the “F&ISC”) to manage the Trustee’s response to climate risks and opportunities. The Trustee believes that ESG factors have a material impact on investment risk and return outcomes and recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly require explicit consideration.

The Trustee has agreed its climate related beliefs and overarching approach to ESG integration (including managing climate change risk). Details are set out in the Statement of Investment Principles (“SIP”). These documents are reviewed regularly, at least every three years.

Where appropriate, the Trustee considers transition and physical climate-related risks separately.

The Trustee receives training on an annual basis, or more frequently if required, on ESG topics to ensure that it has the appropriate knowledge and understanding to support good decision-making on climate-related risks and opportunities.

The Trustee expects its advisers and fiduciary manager to bring important climate related issues and developments to its attention in a timely manner. The Trustee also expects its advisers and investment managers to have the appropriate knowledge on climate-related matters.

The Trustee seeks to ensure that any investment decisions appropriately consider climate-related risks and opportunities within the context of the Scheme’s wider risk and return requirements and are consistent with the climate change policy as set out in the SIP.

The Trustee has delegated oversight of climate change risk management, including investment and funding matters, to the F&ISC. The Trustee is updated on material climate related developments on a regular and relevant basis.

Role of the F&ISC

The F&ISC monitors climate risk through scenario analysis and the metrics outlined in the TCFD report. In addition to this, the Trustee has delegated the ongoing monitoring of the Scheme’s climate change risk management framework to the F&ISC where it relates to investment matters.

The key activities undertaken by the F&ISC, with the support of the Trustee’s advisers, are:

- ensure the investment strategy or any implementation proposals consider the impact of climate risks and opportunities
- engage with the Scheme’s investment managers to understand how climate-related risks are considered in their investment approach
- work with the investment managers to disclose relevant climate-related metrics as set out in the TCFD recommendations
- ensure stewardship activities are being carried out appropriately by the investment managers on the Scheme’s behalf
- monitor and review progress against the Scheme’s risk management framework twice a year.

The F&ISC will meet quarterly to carry out the above activities. The F&ISC will keep the Trustee updated on any material climate-related developments through regular and relevant updates at Trustee meetings.

Role of other advisers or stakeholders deemed relevant

The Trustee also takes advice from external advisers, where appropriate. It ensures that the Scheme's actuarial, investment, covenant and legal advisers have clearly defined responsibilities in respect of climate change, that they have adequate expertise and resources to carry these out, and that they are taking adequate steps to identify, assess and prioritise any climate-related risks and opportunities which are relevant to the matters on which they are advising.

Investment advisers - the Trustee's investment advisers provide investment related strategic and practical support to the F&ISC in respect of the management of climate related risks and opportunities regarding the DB Section (provided by Brightwell). This includes provision of regular training and updates on climate related issues, climate change scenario modelling and ESG ratings.

Scheme Actuary - the Scheme Actuary will help the Trustee assess the potential impact of climate-related risks on the Scheme's funding where relevant.

Covenant adviser - the Trustee's covenant adviser will help the Trustee understand the potential impact of climate-related risk on the sponsor covenant of the principal employer of the Scheme.



Strategy

Assessing climate-related risks and opportunities

Assessing the climate-related risks and opportunities the Scheme is exposed to is key to understanding the impact climate change could have on the Scheme in the future.

The Trustee has carried out a risk assessment on each asset class the Scheme is invested in based on information provided by the Scheme's investment managers. From this the Trustee has identified which climate-related risks and opportunities could have a material impact on the Scheme.

The Scheme's investment portfolio is diversified across a range of different asset classes including equities, fixed income, LDI, cash and alternatives.

Given the number of asset classes used in the Scheme, the Trustee has completed a best endeavours exercise to analyse the climate-related risks of each asset class.

Climate-related risk assessment

Investments are potentially exposed to the physical risks of climate change and to the risk that the transition to a low carbon economy will make certain businesses, such as fossil fuel companies, unviable if they fail to change.

Transition risks

This relates to the risks and opportunities arising from efforts made to transition towards a net zero economy (both domestically and globally) to limit climate change. These risks and opportunities are generally expected to occur in the short (next 1-5 years) to medium term (5-15 years). Risks arising could include regulatory or societal changes rendering parts of the business of invested companies worthless. For example, fossil fuels 'in the ground' which become economically unviable to extract due to either a lack of a suitable market or regulations preventing their extraction. Opportunities include early investment in assets which are likely to benefit from climate change adaptations, such as green energy providers.

There are more details outlined in Appendix A in relation to the types of transition risks and the financial impact these may have.

Physical risks

This relates to the direct impact of climate change on the Scheme and its members. These risks are expected to be longer-term (15 years +) in nature, but they are also expected to be limited in scope to the effects of climate change-related weather and other natural events on the businesses of invested companies, and the effect of changing temperatures on the mortality of Scheme members. These could have varying effects on the funding and investment strategy of the Scheme, but the direction and size of the effects is unlikely to be clear for a considerable period.

The TCFD recommendations refer to these hazards as acute and chronic, respectively. Acute hazards represent severe and extreme events and are location specific (e.g., droughts, heatwaves, storms, wildfire, etc). Chronic climate change represents the background incremental changes in, for example: temperature, precipitation, and sea-level rise over several decades.

Climate-related risk assessment

The Scheme invests across a range of different asset classes and investment managers via pooled funds. As such, the Trustee's ability to influence how each manager incorporates climate related issues is limited. However, the Trustee monitor how its managers incorporate climate risks and opportunities into the funds and asset classes in which the Scheme invests, with a focus on the medium term. The responses from its investment managers are summarised below.

Equity (5-15% of the portfolio)

Transition risks are the primary climate-related risks associated with global equities over the medium term, while physical risks are expected to materialise over a longer time horizon. Key transition risks include regulatory changes (e.g. carbon pricing and increased compliance costs), market dynamics (e.g. higher input costs and shifts in consumer behaviour), and reputational considerations, all of which could negatively impact company earnings and valuations.

It is noted, however, that the current composition of the equity index is weighted towards asset-light service-based companies. These businesses typically have smaller physical and carbon footprints and are therefore less exposed to both physical and transition risks relative to more capital-intensive sectors.

Absolute Return Credit (5-15% of the portfolio)

Relative to equity markets, corporate credit is expected to have a higher exposure to climate-related risks, reflecting the more capital-intensive nature of many underlying issuers. Credit portfolios also include exposure to Emerging Market issuers, which are generally more vulnerable to the physical impacts of climate change, including extreme weather events and resource stress.

Climate-related risks may therefore affect issuer credit quality through impacts on cash flows, asset values, and refinancing risk.

Illiquid Alternatives (25-40% of the portfolio)

Property and infrastructure assets are exposed to a combination of physical and transition risks.

Physical climate risks may lead to direct asset damage and material financial impacts, particularly for assets located in geographically vulnerable regions.

In the UK, the principal physical climate risk is fluvial flooding, which occurs when rivers or waterways overflow into surrounding areas. Through its exposure to US assets, the property portfolio is also subject to other physical risks, including hurricanes and wildfires.

Transition risks are also significant. These include changing tenant preferences for energy-efficient or 'green' buildings, which may render certain assets less attractive or effectively un-lettable without capital investment.

LDI (40-55% of the portfolio)

The Scheme's UK LDI portfolio is predominantly invested in gilts. The increased financial burden of green tax breaks on the UK government poses a financial transition risk. Rolling out new technologies to households and organisations (e.g. smart meters, upgrading insulation, etc.) often requires government incentives, which could add to the fiscal burden, and therefore financial risk, for the UK government.

Relative to elsewhere, the UK is expected to be less impacted by climate change due to both the service nature of the economy and the mild climate.

Climate-related opportunities

The Trustee maintains an ongoing dialogue with the Scheme's investment managers to understand how the Scheme can benefit from climate-related opportunities. Given the nature of the Scheme's investments, a number of potential opportunities have been identified and are summarised below.

Global Equities

The Scheme's global equity exposure is implemented synthetically via a Total Return Swap (TRS) and therefore on a passive basis. As such, the Scheme is not able to actively target specific climate-related investment opportunities within this allocation. However, over time, as the global economy decarbonises, it is expected that an increasing proportion of the equity index will be exposed to low-carbon activities, reflecting structural shifts in business models and sector composition.

Absolute Return

Following their assessment of physical and transition risks, the Scheme's managers have focused their research and engagement efforts on:

1. Identifying companies that may experience profitability tailwinds or headwinds as a result of climate-related developments.
2. Engaging with issuers to better understand emissions profiles and to map carbon output across underlying collateral pools.
3. Engaging with regulators, asset managers, and originators to support greater standardisation of climate and ESG data metrics, enabling improved transparency and facilitating increased issuance of ESG- and climate-aligned bonds.

Opportunities to invest in climate adaptation solutions are expected to expand over time. Companies whose innovations enhance resilience to climate change are likely to attract increasing levels of capital. Active engagement with such companies to support the development of climate resilience may also lead to improved long-term investment outcomes.

Examples of opportunity areas include low-carbon transport solutions, encompassing both mitigation initiatives (such as electric vehicles and battery technology) and adaptation initiatives (such as the redesign and upgrading of transport infrastructure).

Illiquid Alternatives

Within the Scheme's property investments, key climate-related opportunities include:

- Local or onsite energy generation and storage solutions, such as solar photovoltaic installations and battery systems. These can contribute to emissions reduction, provide additional income streams, and lower energy costs relative to grid supply.
- The use of green and sustainable building materials, which may reduce construction costs and timelines while also lowering broader environmental impacts, such as waste generation.
- Increasing tenant demand for energy-efficient or 'green' buildings, which may support rental premiums and lower vacancy rates for assets that meet or exceed prevailing market standards.
- There may also be opportunities to enhance asset values through targeted retrofit programmes aimed at improving energy efficiency and reducing operational emissions, particularly where regulatory standards are tightening.

Within infrastructure, the Scheme's managers have a long track record of deploying capital into investments aligned with energy transition themes. Ongoing opportunities include:

- Renewable energy platforms, such as wind, solar, and battery storage, which support the expansion of low-carbon energy generation and the decarbonisation of the power sector.
- Sustainable infrastructure solutions focused on the development and scaling of decarbonisation technologies required to support net-zero objectives. These include, for example, carbon capture and storage, green hydrogen, electric vehicle charging infrastructure, and biofuels.

In addition, opportunities may arise in climate-resilient infrastructure, such as grid reinforcement, water management, and flood-mitigation assets, which are expected to become increasingly important as physical climate risks intensify.

Portfolio resilience and scenario analysis

Three years ago the Trustee undertook climate change scenario analysis to better understand the impact climate change could have on the Scheme's assets and liabilities.

In line with TCFD guidance to update scenario analysis at least every three years the Trustee has refreshed this analysis for the current period ending 31 December 2025. The next exercise will be due by 31 December 2028. To capture the range of possible climate change outcomes the Trustee has chosen three NGFS (Network for Greening the Financial System) aligned scenarios. These are an established and standardised framework used by financial institutions to evaluate macroeconomic and financial exposure to climate risk.

	1	2	3
	No transition +3°C	Orderly transition <2°C	Disorderly transition <2°C
	This scenario assumes some climate policies are implemented in some jurisdictions but global efforts are insufficient to halt significant global warming. The scenarios result in severe physical risk.	Orderly scenarios assume climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued	Disorderly scenarios explore higher transition risk due to policies being delayed or divergent across countries and sectors.
Climate VaR (Source: MSCI)	-5% to -8%	-4% to -6%	-5% to -7%

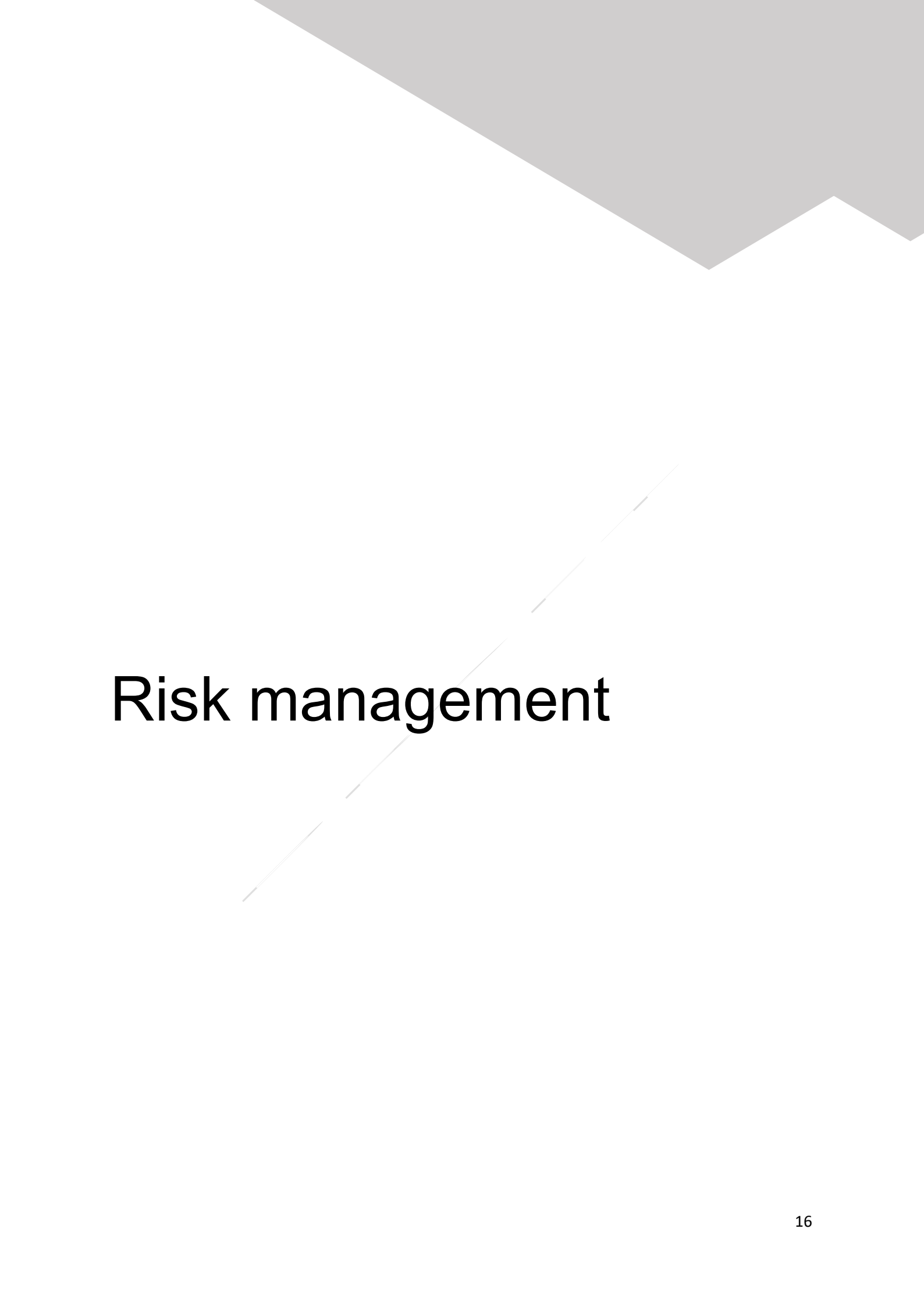
When considering the scenarios, this has been done based on the Scheme's long-term strategic asset allocation. Climate VaR forecasts the present value of future climate-driven cost and profit shocks under different climate scenarios. Climate VaR is reported as the present value of the sum of these future cash flows divided by the company's current valuation. Climate VaR reflects an instantaneous return forecast under the assumption that: 1) current valuations do not reflect any climate costs/profits; 2)

investors instantaneously believe the relevant scenario will occur with certainty; and 3) all future costs/profits are immediately priced into the company valuation. Therefore, they should not be considered as a forecast, but rather as a method to model the potential 'maximum drawdown' of a company's valuation due to climate change.

Impact Assessment

- The worst-case scenario for the Scheme is no transition, which was also the case in the previous analysis, undertaken by Aon.
- The best-case scenario for the Scheme is an orderly transition.
- While the numbers are broadly comparable the transition costs are likely to be realised sooner than the costs from physical climate change. Therefore the "No Transition" scenario is likely to outperform the other two over the transition period before incurring greater losses over the longer term.

Overall the Scheme's investment portfolio continues to exhibit reasonable resilience under each of the climate scenarios. This is largely due to the diversification of the assets and the high exposure to debt instruments which naturally are less sensitive to any downside scenario. Note that this also partly reflects the high allocation to LDI (50%) which is assumed to be unaffected by climate change and therefore dilutes the overall sensitivity.



Risk management

Our process for identifying and managing climate-related risks

The F&ISC recognise the long-term risks posed by climate change and has taken steps to integrate climate-related risks into the Scheme's risk management framework.

The Trustee has taken the following steps to integrate climate-related risks into its risk management framework and processes and has integrated climate risk oversight within the overall risk management of the Scheme. Climate-related risks are assessed alongside the other risks factors, including risks from wider ESG risk factors and financial risks.

The Trustee seeks to identify and assess climate-related risks at the total portfolio level and at the individual asset level. The Trustee recognises that the tools and techniques for assessing climate-related risks in investment portfolios are imperfect but are rapidly evolving. The Trustee therefore aims to use the best available information and tools to assess climate-related risks and will receive regular training in order to understand the latest trends in climate science.

Approach to integrating climate related risks ("Risk Management Plan")

	Activity	Approach	Frequency of review	Schedule
Governance	Risk register	The Trustee maintains a risk register to monitor and mitigate financially material risks.	Quarterly	Quarterly
	Actuarial and covenant	Ensure that actuarial and covenant advice adequately incorporate climate-related risk factors where they are relevant and material.	Triennial	Ensured for future valuations.
	Managers	Engage with the Scheme's fiduciary manager to understand how climate risks are considered in their investment approach.	Annual	Considered as part of Climate Risk Assessment and annual TCFD reporting.

Approach to integrating climate related risks (“Risk Management Plan”)

	Activity	Actions	Frequency of review	Schedule
Strategy	Scenarios	Undertake quantitative scenario analysis to understand the impact of climate-related risks on the assets and liabilities. This will distinguish between physical and transition risks, where possible, and consider how to capture climate opportunities.	Triennial	Considered as part of current year reporting.
	Risks and opportunities	Identify and obtain specific advice on the climate-related risks and opportunities for investment & funding strategy and assess their likelihood and impact.	Annual	Considered as part of Climate Risk Assessment.
Risk Management	Risk prioritisation	Consider the prioritisation of those risks, and the management of those that represent the most significant potential for loss and those that are the most likely to occur.	Annual	Considered as part of Climate Risk Assessment.
	Stewardship	Ensure stewardship policy working effectively – the delegated investment manager and underlying fund managers have discretion over exercising voting rights and stewardship obligations. Ensure oversight of voting and engagement activity in investment portfolio is carried out – through the Implementation Statement.	Annual	The Trustee annually receives and reviews the Implementation Statement.
Metrics and targets	Metrics	Obtain data for metrics.	Annual	Completed as part of current report
	Review	Review continued appropriateness of metrics and progress against climate-related target.	Annual	Review alongside production of TCFD disclosure.

Climate Risk Questionnaire – Manager Responses

In order to assess the climate risk that the Scheme currently faces, the Scheme's investment managers have again been asked to complete the below template.

The Trustee posed the “top” questions as outlined in guidance from the Pensions Climate Risk Industry Group¹ to its investment managers. The questions were designed to assist the Trustee with its assessment of each manager’s capabilities and approach to climate management and focused on areas such as TCFD reporting, manager’s ability to conduct climate scenario analysis, engagement and escalation policies, manager’s ability to provide carbon related data and align their strategies to a particular temperature level.

The table below summarises the responses from the investment managers in the DB Section.

Asset class	Manager	TCFD Report	Climate-related risks analysis	Industry initiatives	Carbon reporting	NZ Commitment	PRI signatory	Stewardship Code
Fixed Income	Pimco	✓	✓	✓	✓	✓	✓	✓
	Insight	✓	✓	✓	✓	✓	✓	✓
Property and Infrastructure	Aviva	✓	⦿	✓	✓	✓	✓	✓
	M&G	✓	✓	✓	✓	✓	✓	✓
	KKR	✓	✓	✓	✓	-	✓	-
	ISQ	-	⦿	✓	✓	-	✓	-
	Hayfin	-	⦿	-	✓	-	✓	✓
Private Equity and private credit	Chorus	-	⦿	✓	✓	-	✓	✓
	Ares	-	⦿	✓	✓	-	✓	✓

✓ = Disclosure or policy in place

⦿ = Partial or developing disclosure (e.g. firm- or strategy-level only, limited coverage, or not clearly applicable to the relevant mandate)

- = Not disclosed or not applicable

*Climate-related disclosures shown are based on manager self-reported information. Where applicable, responses reflect firm-level or strategy-level policies rather than fund-specific commitments. The absence of a disclosure does not imply the absence of activity, but rather that information was not reported or not applicable to the strategy.

Source: Investment managers

¹ Aligning your pension scheme with the Taskforce on Climate-Related Financial Disclosures recommendations - GOV.UK (www.gov.uk)



Metrics and Targets



Our climate-related metrics

The Trustee uses some quantitative measures to help it understand and monitor the Scheme's exposure to climate-related risks.

The Trustee's investment adviser, Brightwell, collected information from the Scheme's managers on their GHG emissions. Brightwell collated this information to calculate climate-related metrics for the Scheme's portfolio.

Measuring greenhouse gas emissions

In line with The Department for Work and Pensions (DWP) TCFD regulations, pension schemes are required to report on a number of metrics to measure and track climate- or emissions-related performance. While imperfect, greenhouse gas (GHG) emissions are currently the most direct way for pension schemes to assess both their contribution to, and risk exposure to, climate change.

GHG are categorised into three types or 'scopes' by the GHG Protocol, the world's most used greenhouse gas accounting standard.

Scope 1

All direct emissions from the activities of an organisation which are under their control; these typically include emissions from their own buildings, facilities, and vehicles

Scope 2

These are the indirect emissions from the generation of electricity purchased and used by an organisation

Scope 3

All other indirect emissions linked to the wider supply chain and activities of the organisation from outside its own operations – from the goods it purchases to the disposal of the products it sells

Scope 3 emissions are often the largest proportion of an organisation's emissions, but they are also the hardest to measure. The complexity and global nature of an organisation's value chain make it hard to collect accurate data. Scope 3 emissions also introduce the problem of double counting.

These are the metrics that the Trustee has chosen to report on:

Absolute emissions	Total Greenhouse Gas emissions	Total carbon emissions attributable to the portfolio, at a given point in time. Tonnes of carbon dioxide & equivalents (tCO ₂ e).
	Carbon footprint	The amount of tCO ₂ e emitted per million dollars of BTPS' investments.
Emissions intensity	Weighted Average Carbon Intensity (WACI)	The average amount of tCO ₂ e emitted per million dollars of company revenues. Unlike the carbon footprint metric above portfolio weights are used to calculate the average.
		For sovereign bonds, where revenue is not generated, Gross Domestic Product (GDP) is used instead. It is currently common for this to be reported in US dollars irrelevant of domicile.
Portfolio alignment	Binary Target Measures	Alignment of portfolio with a given climate outcome, based on the % of investments in that portfolio with declared net zero or Paris-aligned targets.
Additional metric	Data quality	A measure of the proportion of the portfolio that the Trustee has high quality data for (i.e., data which is based on verified, reported, or reasonably estimated emissions, versus that which is unavailable).
		This has been selected on the basis that it provides a consistent and comparable measure of the level of confidence in the data.

In line with regulatory requirements, this report looks at Scope 1, Scope 2 and Scope 3 emission measures.

The Scheme's greenhouse gas emissions - summary

The Trustee observed that, consistent with prior years, the majority of the Scheme's managers were able to provide the requested emissions data. Total emissions for the portfolio appear higher year-on-year at headline level; however, this largely reflects improved portfolio coverage across the Illiquid Alternatives managers compared with the prior year. When applying a consistent approach, emissions across the alternative portfolios are broadly stable, indicating no material deterioration in underlying carbon performance.

At an asset-class level, emissions profiles remain broadly stable, with LDI continuing to represent the largest contributor to total portfolio emissions, reflecting the size and nature of sovereign bond exposures. The Trustee notes that one Basalt mandate was sold during the year, which reduced the portfolio's overall emissions and partially offsets increases observed elsewhere. Taken together, movements in reported emissions are therefore driven primarily by changes in portfolio composition and methodological consistency, rather than a fundamental increase in carbon intensity.

Following the significant increase in data coverage achieved last year, overall coverage levels are broadly unchanged this year. For the third year, the Scheme has also separately reported Scope 3 emissions. The Trustee notes that the inclusion of Scope 3 emissions continues to materially increase reported portfolio emissions; however, the proportion of the current portfolio covered by net zero or decarbonisation targets remains broadly aligned with the Scheme's climate objectives. This provides the Trustee with confidence that, notwithstanding modest increases in Scope 1 and 2 emissions, the portfolio remains on a credible decarbonisation trajectory, subject to continued progress by underlying companies and policymakers.

The Trustee also notes that there is no universally accepted method for aggregating emissions from sovereign bonds alongside other asset classes without a risk of double counting, and that managers may apply differing assumptions and methodologies when reporting emissions data. These challenges are common across the industry and reinforce the importance of TCFD-aligned reporting to improve transparency and comparability over time. The Trustee and Brightwell continue to engage with managers to encourage improvements in data quality and consistency, and expect this to be reflected in future reporting.

The tables below summarise the data gathered from the Scheme's managers:

Summary

	Total Greenhouse Gas emissions	Carbon footprint	Data quality	Portfolio Alignment (Binary Target)
Scope 1-2	125,189 tCO ₂ e	180 tCO ₂ e/£m	87%	68%
Scope 1-3	195,585 tCO ₂ e	281tCO ₂ e/£m	31%	

As at 31 December 2025. Source: Brightwell and individual managers

Observations

The table below shows a more detailed breakdown of the emissions from each asset class in the Scheme's DB portfolio based on Scope 1 & 2 emissions (where available).

All of the Scheme's managers were able to provide Scope 1–2 carbon emissions data for the reporting year, with the majority also able to provide Scope 3 emissions. Scope 3 emissions are not currently reported for the Insight LDI portfolio, reflecting the lagged availability of sovereign emissions data rather than a deterioration in data quality or manager engagement. As LDI represents a significant proportion of the Scheme's assets, this limitation has a noticeable impact on reported Scope 3 coverage at total portfolio level. Three managers were unable to provide information on the proportion of portfolio assets with declared net zero or Paris-aligned targets. Overall, the level of data availability represents a continued improvement relative to recent years and reflects increasing awareness of climate-related risks, alongside growing regulatory and client demand for climate disclosures.

Asset class	Market Value (£m)	Economic Exposure (£m)	Total emissions (tCO ₂ e)	Carbon footprint (tCO ₂ e/£m)	Data quality (%)	Binary Target Measures (%)
Equity	1	57	2,548	43	100	
Absolute Return	93	93	4,457	48	53	18
Illiquid Alts	228	228	24,620	123	78	38
LDI	437	379	93,565	272	100	100
Total portfolio	758	758	125,189	202	87%	68

As at 31 December 2025. Source: Investment managers/Brightwell.

When collecting the data, the Trustee noted the following:

- Overall, the availability of data was high.
- Data for most managers was provided at the fund level and required attribution based on the EEPS shareholding.
- The Trustee's investment manager and provider have estimated data for its LDI assets using government data (based on national territorial emissions) which is consistent with the Partnership for Carbon Accounting Financials (PCAF) guidance.
- Not all emissions data was reported as at year end 2025 but all were within 12 months of that date. The lag appears to be greatest for illiquid mandates. However, we note that even listed companies only report once a year such that the average disclosure point will be some months before the Scheme's reporting date.

Looking to the future

Our climate-related target

Climate-related targets help the Trustee track its efforts to manage the Scheme's climate-change risk exposure.

In 2022 the Trustee set two separate targets to improve the data quality metric and improve portfolio alignment:

1. **An increase in carbon emissions data coverage by 15% by 31 December 2025 (versus 2022 baseline of 78% of managers by AUM or 62% of total assets).**

***Progress report** - As at December 2025 data was received from managers covering 100% of AUM and 87% of total assets which means this target has been met.*

2. **At least 50% increase in portfolio alignment in Equity, Absolute Return and Illiquid Alternatives by 31 December 2025. These figures stood at 42.0%, 4.2% and 37.2% respectively in 2022.**

***Progress report** - The Trustee notes a significant improvement in the Absolute Return and Equity category, in excess of 50% and no significant change in the Illiquid Alternatives category.*

The Trustee remains committed to:

- Improving the reporting of carbon emissions data and attribution of year-on-year changes.
- Engaging with its fiduciary manager and requiring them to engage with underlying investment managers on the quality of companies held.
- Engaging with absolute return and illiquid alternatives managers to improve the consistency and comparability of data.
- Participating in industry initiatives to require companies and different asset classes to disclose more data.

Appendices

Appendix A: Climate Risk Assessment – transition risks

Transition risks relate to the need to transition to a low-carbon economy, including development of, and investment in, new technologies and services that support this transition as well as government policy to aid in the transition. Examples of climate-related risks and potential financial impacts include:

	Climate-related risks	Potential financial impacts
Policy and legal	- Increased pricing of GHG emissions - Enhanced emissions-reporting obligations - Mandates on and regulation of existing products and services - Exposure to litigation	- Increased operating costs (e.g. higher compliance costs, increase insurance premiums) - Write-offs, asset impairment and early retirement of existing assets due to policy changes - Increased costs and/or reduced demand for products and services resulting from fines and judgments
Technology	- Substitution of existing products and services with lower emissions options - Unsuccessful investment in new technologies - Costs to transition to lower emissions technology	- Write-offs and early retirement of existing assets - Reduced demand for products and services - Research and development (R&D) expenditures in new and alternative technologies - Capital investments in technology development - Costs to adopt/deploy new practices and processes
Market	- Changing customer behaviour - Uncertainty in market signals - Increase cost of raw materials	- Reduced demand for goods and services due to shift in consumer preferences - Increased production costs due to changing input prices (e.g. energy, water) and output requirements (e.g. waste treatment) - Abrupt and unexpected shifts in energy costs - Change in revenue mix and sources, resulting in decreased revenues - Re-pricing of assets (e.g. fossil fuel reserves, land valuations, securities valuations)
Reputation	- Shifts in consumer preferences - Stigmatisation of sector - Increased stakeholder concern or negative stakeholder feedback	- Reduced revenue from decreased demand for goods / services - Reduced revenue from decreased production capacity (e.g. delayed planning approvals, supply chain interruptions) - Reduced revenue from negative impacts on workforce management and planning (e.g. employee attraction and retention) - Reduction in capital availability

Appendix B: Glossary

Governance	refers to the system by which an organisation is directed and controlled in the interests of shareholders and other stakeholders. ² Governance involves a set of relationships between an organisation's management, its board, its shareholders, and other stakeholders. Governance provides the structure and processes through which the objectives of the organisation are set, progress against performance is monitored, and results are evaluated. ³
Strategy	refers to an organisation's desired future state. An organisation's strategy establishes a foundation against which it can monitor and measure its progress in reaching that desired state. Strategy formulation generally involves establishing the purpose and scope of the organisation's activities and the nature of its businesses, considering the risks and opportunities it faces and the environment in which it operates. ⁴
Risk management	refers to a set of processes that are carried out by an organisation's board and management to support the achievement of the organisation's objectives by addressing its risks and managing the combined potential impact of those risks. ⁵
Climate-related risk	refers to the potential negative impacts of climate change on an organisation. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events (e.g., cyclones, droughts, floods, and fires). They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns (e.g., sea level rise). Climate-related risks can also be associated with the transition to a lower-carbon global economy, the most common of which relate to policy and legal actions, technology changes, market responses, and reputational considerations. ⁶
Climate-related opportunity	refers to the potential positive impacts related to climate change on an organisation. Efforts to mitigate and adapt to climate change can produce opportunities for organisations, such as through resource efficiency and cost savings, the adoption and utilization of low-emission energy sources, the development of new products and services, and building resilience along the supply chain. Climate-related opportunities will vary depending on the region, market, and industry in which an organisation operates. ⁷
Greenhouse gas emissions ("GHG") scope levels⁸	Greenhouse gases are categorised into three types or 'scopes' by the Greenhouse Gas Protocol, the world's most used greenhouse gas accounting standard. Scope 1 refers to all direct GHG emissions. Scope 2 refers to indirect GHG emissions from consumption of purchased electricity, heat, or steam. Scope 3 refers to other indirect emissions not covered in Scope 2 that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope 3 emissions could include: the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g., transmission and distribution losses), outsourced activities, and waste disposal.⁹

² A. Cadbury, [Report of the Committee on the Financial Aspects of Corporate Governance](#), London, 1992.

³ OECD, [G20/OECD Principles of Corporate Governance](#), OECD Publishing, Paris, 2015.

⁴ TCFD, [Recommendations of the Task Force on Climate-related Financial Disclosures](#), 2017

⁵ TCFD, [Recommendations of the Task Force on Climate-related Financial Disclosures](#), 2017

⁶ TCFD, [Recommendations of the Task Force on Climate-related Financial Disclosures](#), 2017

⁷ TCFD, [Recommendations of the Task Force on Climate-related Financial Disclosures](#), 2017

⁸ World Resources Institute and World Business Council for Sustainable Development, [The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard \(Revised Edition\)](#), March 2004.

⁹ PCC, [Climate Change 2014 Mitigation of Climate Change](#), Cambridge University Press, 2014.

Value chain	refers to the upstream and downstream life cycle of a product, process, or service, including material sourcing, production, consumption, and disposal/recycling. Upstream activities include operations that relate to the initial stages of producing a good or service (e.g., material sourcing, material processing, supplier activities). Downstream activities include operations that relate to processing the materials into a finished product and delivering it to the end user (e.g., transportation, distribution, and consumption). ¹⁰
Climate scenario analysis	is a process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty. In the case of climate change, for example, scenarios allow an organisation to explore and develop an understanding of how the physical and transition risks of climate change may impact its businesses, strategies, and financial performance over time.
Net zero	means achieving a balance between the greenhouse gases emitted into the atmosphere, and those removed from it. This balance – or net zero – will happen when the amount of greenhouse gases add to the atmosphere is no more than the amount removed. ¹¹

¹⁰ TCFD, [Recommendations of the Task Force on Climate-related Financial Disclosures](#), 2017

¹¹ Energy Saving Trust, [What is net zero and how can we get there? - Energy Saving Trust](#), October 2021